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C O N F I D E N T I A L KATHMANDU 001730

SIPDIS

STATE FOR SA/INS, DS/IP/SA  
NSC FOR GREEN/DORMANDY  
LONDON FOR POL-BELL

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TAGS: [PTER](#) [PGOV](#) [EINV](#) [ASEC](#) [NP](#)  
SUBJECT: NEPAL: BUSINESSES REMAIN CLOSED; INDUSTRY SECURITY  
GROUP UNITED

REF: KATHMANDU 1718

Classified By: Ambassador James F. Moriarty, Reasons 1.4 (b/d)

1. (C) Maoists muddled the waters on August 27 by issuing a press statement that indicated the Maoist-threatened businesses, other than those with U.S. investment, could reopen (reftel) and then an hour later issuing a contradictory statement that all the businesses must remain closed. The Industry Security Group (ISG) (the U.S., U.K., French, German, and Indian Embassies, along with their respective binational Chambers of Commerce) met on August 30 to discuss next steps. The industry members were frustrated and sought guidance about options.

2. (C) The ISG agreed on five measures to put pressure on the Maoists.  
-- The ISG will issue another statement condemning the continued Maoist threats, the August 28 bombing of Nepal Lever (a Nepal-India joint venture company), threats against a German hydropower development site, and the threat to close down all multi-national corporations with U.S. investment. The U.K., as chair of the ISG, will circulate a draft statement to members on August 31.  
-- ISG members who are members of the EU will ask the EU to issue a statement condemning Maoist tactics and their effect on the Nepali people.  
-- Members will individually and privately undertake to urge the Prime Minister to consider meeting a Maoist demand to release information about the whereabouts and details of some Maoist detainees within a week. (The GON had agreed to do this within a month, and perhaps earlier, and the ISG agreed that releasing this information sooner would be consistent with the GON's human rights commitments.)  
-- Industry and trade unions will get together to keep the issue and its effects on Nepali workers before the public.  
-- Industry members will check with the Federation of Nepali Chambers of Commerce and Industry (FNCCI) on its plan to develop a program of sustained activities to demonstrate the public's frustration with the effects of the Maoists' tactics.

3. (C) COMMENT. The conflicting Maoist demands and actions appear to be designed to divide the ISG members. The Embassy believes it is key for the ISG to remain united by issuing an ISG statement condemning not only the continued closure of industries, but also the threat against businesses with U.S. investment. Embassy will forward the text of the ISG statement to the Department once it is agreed upon.  
MORIARTY